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27 June 1958

Specific Requirements for [REDACTED] 25X1A2g

Background

25X1A2g To establish the value of the annual output of telecommunications equipment produced in Hungary, any information on the prices of commodities or pricing policies is of considerable value. Source [REDACTED] in a lengthy report on the organization and activities of the Belofannia Telecommunications Factory (BEG) Budapest -- [REDACTED] touches on the pricing of products at the plant and gives an export price and prime cost for a telephone hand set produced there. This indicates that source might know more on the subject of pricing, and if source is still available: it is requested that he be re-interrogated on this subject. 25X1A2g

Specific Requirements

The following questions are suggested:

1. Does source know the value of annual output of the entire BEG plant or any items produced at the plant besides the microwave equipment? (p. 39)
2. What are the final prime costs or factory sales prices for any items produced at the BEG plant, and for what years did these prevail?
3. Source states that "the final prime cost was established on the basis of development data". (p. 27)
 - a. Does the established prime cost cover the costs of development?
 - b. How often are the prime costs adjusted downward after an item has been in series production?
 - c. Is the 2 percent which is added to the final prime cost a planned profit?
4. What is the relationship between the factory sales price and the sales price to the consumer? How much tax is involved?

5. In establishing the retail price for an item, is there a tax differential in the prices for goods for the military, for other industries, and for the civilian consumer?

6. Does source know any other prices quoted for items exported to non-bloc countries?

7. How do the prices used in intra-bloc trade compare with the prime costs or regularly established factory sales price?

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ORR/D/I/EE [REDACTED] een/3697 (27 Jun 58)

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